

# Indiana Housing and Community Development Authority ("IHCDA")

## Weatherization Deferral Repair Program Guidelines

Updated on April 10, 2012

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### Purpose

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These guidelines are provided for Department of Energy (DOE) Weatherization funding recipients. The intent of the program is to eliminate the physical barriers that prevent certain homes from being weatherized and to provide DOE recipients access to IHCDA resources in their designated program counties.

If you have questions regarding this information or otherwise need technical assistance, please contact an IHCDA Weatherization or Real Estate Production staff member at (800) 872-0371.

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### Strategic Investment Application Process

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All DOE funding recipients will have a limited opportunity to apply for funding voluntarily via IHCDA's Strategic Investment Process (SIP). Applications will be accepted from **April 30, 2012 through May 14, 2012**. For more information regarding IHCDA's Strategic Investment Process, [click here](#). You may also contact your regional Real Estate Production Analyst. A map is attached in **Appendix A**.

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### Forms of Assistance

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IHCDA will provide award funds in the form of a grant.

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### Contract Term

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All awards must be fully expended within 18 months of contract execution.

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### Matching Requirement

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1. There is no match requirement for this program; however, matched or leveraged funds are highly encouraged.

2. Any eligible match/leverage used for this program/purpose will be documented. These eligible sources of match/leverage may be used or shared to meet requirements for a future housing activity.

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## Allocation Method

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A preliminary allocation chart of the funds available to current DOE Recipients is included below in Table 1, Allocation Chart. This represents the maximum amount of CDBG-D funding recipients will be eligible for if approved.

**Table 1: Preliminary Fund Allocation, by Organization**

Agency Name	CDBG-D
AREA IV Agency on Aging	\$222,317.00
Area V Agency on Aging	\$210,295.00
Community Action of Northeast Indiana	\$280,217.00
Community Action of Greater Indianapolis	\$261,493.00
Community Action of Western Indiana	\$149,300.00
Community Action Program of Evansville	\$170,016.00
Community and Family Services	\$129,766.00
Community Action of Southern Indiana	\$146,978.00
Human Services Inc	\$153,146.00
Hoosier Uplands Economic Development Council	\$111,112.00
Interlocal Community Action Program (ACTION)	\$140,515.00
Interlocal Community Action Program (primary)	\$123,326.00
JobSource	\$90,677.00
Northwest Indiana Community Action	\$332,275.00
Lincoln Hills Development Corporation	\$59,526.00
North Central Community Action Agency	\$146,755.00
Ohio Valley Opportunities	\$89,460.00
Pace Community Action Agency	\$128,659.00
People Working Cooperatively	\$97,453.00
Real Community Action Agency	\$423,466.00
South Central Community Action Program	\$205,191.00
Southern Indiana Economic Opportunity Council	\$116,933.00
Dubois-Pike-Warrick Community Action Agency	\$83,416.00
Western Indiana Community Action Agency	\$125,708.00
<b>TOTAL</b>	<b>\$3,998,000.00</b>

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## Program Benchmarks and Award Conditions

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In conjunction with the SIP application process, the following benchmarks have been established for this program.

<b><u>PROCESS</u></b>	<b><u>% OF UNITS at 6 Mo's</u></b>	<b><u>% OF UNITS @ 12 Mo's</u></b>
ER Phase II	30% of the award should be setup	60%
Work Complete	25% should have all work done on building	50%
Inspection	20% must have inspection by IHCD	50%
Claim	0% must be drawn	60%

All recipients will be **required** to complete a full Compliance Training conducted by IHCD staff prior to a Release of Funds. This includes all areas of compliance as well as Funds Management.

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## Geographic Distribution

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IHCD will allocate CDBG-D funds to grant recipients that will repair homes in the 82 counties in Indiana that have been identified as disaster areas. The ten counties that are not eligible to receive CDBG-D-Disaster funds are listed below.

<b>Blackford</b>	<b>Clinton</b>
<b>Delaware</b>	<b>Howard</b>
<b>LaGrange</b>	<b>Miami</b>
<b>Steuben</b>	<b>Tipton</b>
<b>Warren</b>	<b>Wells</b>

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## Beneficiary Eligibility Requirements

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1. The income levels of each program beneficiary must be calculated using the Section 8, Part 5 definition of income as defined by HUD and must be at or below eighty percent (80%) of the Area Median Income (AMI) for the county where the assistance is provided and must be verified and documented in accordance with the procedures set forth in the Strategic Investment Process Award Implementation Manual.
2. Beneficiaries are DOE Weatherization clients that have been deferred due to pre-existing conditions in their home. **All homes to be assisted must be supported by a deferral form/write up. CDBG-D funds must only address the items listed that caused the deferral from Weatherization services.**

3. Priority must be given to above-referenced beneficiaries that are:
  - a. Elderly – IHCD's definition of elderly is 62 years of age or older.
  - b. Persons with Disabilities is defined as (1) a physical or mental impairment which substantially limits one or more of such person's major life activities, (2) a record of having such an impairment, or (3) being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 802 of Title 21).
  - c. Individuals/families residing in homes that have been documented by local or state official as being a prominent threat to health/safety.
  - d. Families with children under eighteen years old as of the date of income verification.

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### Eligible Activities and Eligible Costs

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The reporting system for CDBG-D funding is different than what we use for our standard CDBG awards. For the purpose of tracking costs and adhering to program budget limitations, award budgets will be initially set up with all of the details. The chart below will show how the funds are pooled together for reporting into the system used for CDBG-D funding (called DRGR). If you have a question about budget development, contact the IHCD Real Estate Production Analyst in your area.

**Chart A – Standard Budget Breakdown for an OOR project**

BUDGET CATEGORY	AWARD AMOUNT	MAXIMUM RELEASE
Rehabilitation		
Program Delivery		Combined with administration and environmental review, cannot exceed 20% of the total award
Lead Hazard Testing		Cannot exceed \$1,000/home
Administration		Cannot exceed 5% of total award
Environmental Review		Combined with administration and program delivery, cannot exceed 20% of the total award

The following budget line items are not included in the DRGR data entry for CDBG-D. All these costs are included in hard costs and are not stand alone budget line items as they are for regular CDBG-D **Program Delivery, Lead Hazard Testing, and Environmental Review**

**Chart B – OOR Budget as it is reported in DRGR**

BUDGET CATEGORY	AWARD AMOUNT	MAXIMUM RELEASE
Rehabilitation		
Relocation		
Administration		Cannot exceed 5% of total award
<b>NOTE: Program Delivery, Lead Hazard Testing, and Environmental Review are reported under Hard Costs (or rehabilitation).</b>		

## REHABILITATION

Eligible costs include:

- Hard costs associated with rehabilitation activities;
- Mold remediation;
- Lead-based paint interim controls and abatement costs;
- Accessibility modifications, as part of the required rehabilitation; and
- Replacement of gas ranges/stoves

## PROGRAM DELIVERY

Program delivery costs are those costs that can be directly tracked by address. The total amount of 1) program delivery costs, 2) administration, and 3) the environmental review cannot exceed 20% of the funding request. Eligible costs include soft costs and client related costs that are reasonable and necessary for the implementation and completion of the proposed housing activity, such as:

- Building Permits
- Engineering/Architectural Plans
- Plans, Specs, Work Write-Ups
- Utilities of assisted units
- Cost Estimates
- Inspections
- Travel to and from site

## ADMINISTRATION

The administration line item includes the costs directly related to administering the award and the costs required to comply with regulations that govern these funds. This line item cannot exceed 5% of the funding request. This line item, along with program delivery and environmental review, cannot exceed 20% of the funding request/award amount.

Eligible administrative costs include:

- Affirmative Marketing
- Fair Housing education
- Communication Costs
- Office materials and supplies
- Photocopying
- Postage
- Staff costs and professional services associated with reporting, compliance, monitoring, or financial management.

## **LEAD HAZARD TESTING**

The costs associated with lead hazard testing include Risk Assessment, Paint Tests, Dust Wipes, etc. The maximum amount for this line item is \$1,000 per unit.

## **ENVIRONMENTAL REVIEW**

This line item includes expenses associated with the Environmental Review Release of Funds process. This does not refer to a Phase I Environmental Assessment. This line item, along with program delivery and administration, cannot exceed 20% of the funding request/award amount.

Eligible costs typically include postage, photocopying, professional services and publication costs. **All units must have completed both the Release of Funds process as well as the Section 106 Historic Review before entering into any contracts and/or starting any activity.**

For further information, refer to the [Environmental and Historic Review Handbook](#) or contact the IHCD Environmental Officer at (800) 872-0371 for further guidance.

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## **Ineligible Activities and Ineligible Costs**

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### **INELIGIBLE REHABILITATION ACTIVITIES**

1. Rehabilitation of homes located within the boundaries of the 100-year floodplain.
2. Rehabilitation of homes that pose threats outside of the scope of typical construction activities, such as insect or rodent infestation.  
Rehabilitation of rental units.

### **INELIGIBLE COSTS**

The following costs are ineligible for reimbursement.

1. Application and preparation costs.
2. Purchase or installation of luxury items, such as swimming pools.
3. Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers. Allowable exceptions to this prohibition, however, include stoves and refrigerators.
4. Funds spent on a house that is not brought to the stricter of the Indiana State Building Code or local rehabilitation standards must be returned to HCDA.

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## Homeownership Requirements for Eligibility

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1. The occupant must own the property and use it as his or her permanent residence. This includes any owner-occupied single-family property or a condominium unit.
  - a. Ownership must be in the form of fee simple title or 99-year leasehold.
  - b. If there is a 99-year lease on the property, it must be recorded in the County Recorder office of the county in which the property is located.
2. Award recipients will be required to provide proof that there is adequate builder's risk insurance as well as property insurance and/or contractor liability insurance during the construction period **and** property insurance following construction for the assisted property for one year.
3. If the housing is manufactured, it must be a single dwelling unit designed and built in a factory and installed as a permanent residence. The resident must provide proof certifying that it was built in compliance with the [Federal Manufactured Housing Construction and Safety Standards](#) law.
4. Manufactured housing must meet the following specifications. If a manufactured or mobile home does not meet the criteria listed above, it is not eligible to receive rehabilitation assistance.
  - a. It was constructed after January 1, 1981;
  - b. Square footage must exceed nine hundred fifty (950) square feet of occupied space [ per I.C. 36-7-4-1106 (d)];
  - c. The house is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
  - d. The wheels, axles and towing chassis have been removed;
  - e. The roof is pitched;
  - f. The house consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
  - g. The house is located on land held by the beneficiary in fee-simple title, or 99-year leasehold and is the principal residence of the beneficiary.

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## Best Practices

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Use the following items to determine the total number of units (homes) and the total overall program cost.

- a. Start with the full list of deferrals and select homes that meet the program priorities of being elderly, disabled, having children under age 18, or has been documented a case of health/safety issue(s).
- b. From that list, begin to remove households that are not included in any of the categories referenced above as ineligible. Flood plain maps for each of your service area counties will be helpful.

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## Rehabilitation Requirements

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1. Any major household system repaired or replaced as part of the rehabilitation process must meet the stricter of the Indiana State Building Code or local building codes.
2. Funds may be used to remedy conditions that, while they may not pose an immediate threat to health and safety, represent an ongoing threat to the structural integrity of a building and may eventually result in an emergency situation.
3. Rehabilitation activities may be completed to incorporate accessibility design. Accessibility upgrades as a stand-alone measure will not be an allowable expense under this grant.
4. DOE recipients may utilize existing staff to complete the rehabilitation work.
5. Recipients are required to competitively procure for contracted services.
6. All units must be inspected by a licensed, independent, third-party inspector that has the expertise to enforce local and/or state building code.
7. If the rehabilitation work is being performed by staff of the recipient, a third-party (outside and independent) inspector must be used. Conversely, if the rehabilitation work is completed by an outside procured contractor, the recipient may use its own staff/crew to complete the final inspections.



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## Subsidy Limitations

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1. CDBG-D dollars used for rehabilitation, lead-based paint, environmental review, and program delivery combined cannot exceed \$12,000 per unit.
2. On a case-by-case basis, IHCD will entertain requests to exceed the per unit subsidy limitations. In addition, any unit receiving assistance in excess of \$12,000 will be required to record a lien/restrictive covenant on the property for a period of three years.

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## Program Provisions

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1. All regulatory requirements listed must be met. IHCD is bound to these regulations and may require additional information. Click [here](#) for access to IHCD's Strategic Investment Process Award Implementation Manual
2. Award recipients will be required to provide proof that there is adequate builder's risk insurance as well as property insurance and/or contractor liability insurance during the construction period **and** property insurance following construction for the assisted property for one year.
3. All construction on properties must begin at least 60 days prior to the end of the contract term.

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## Regulatory Requirements

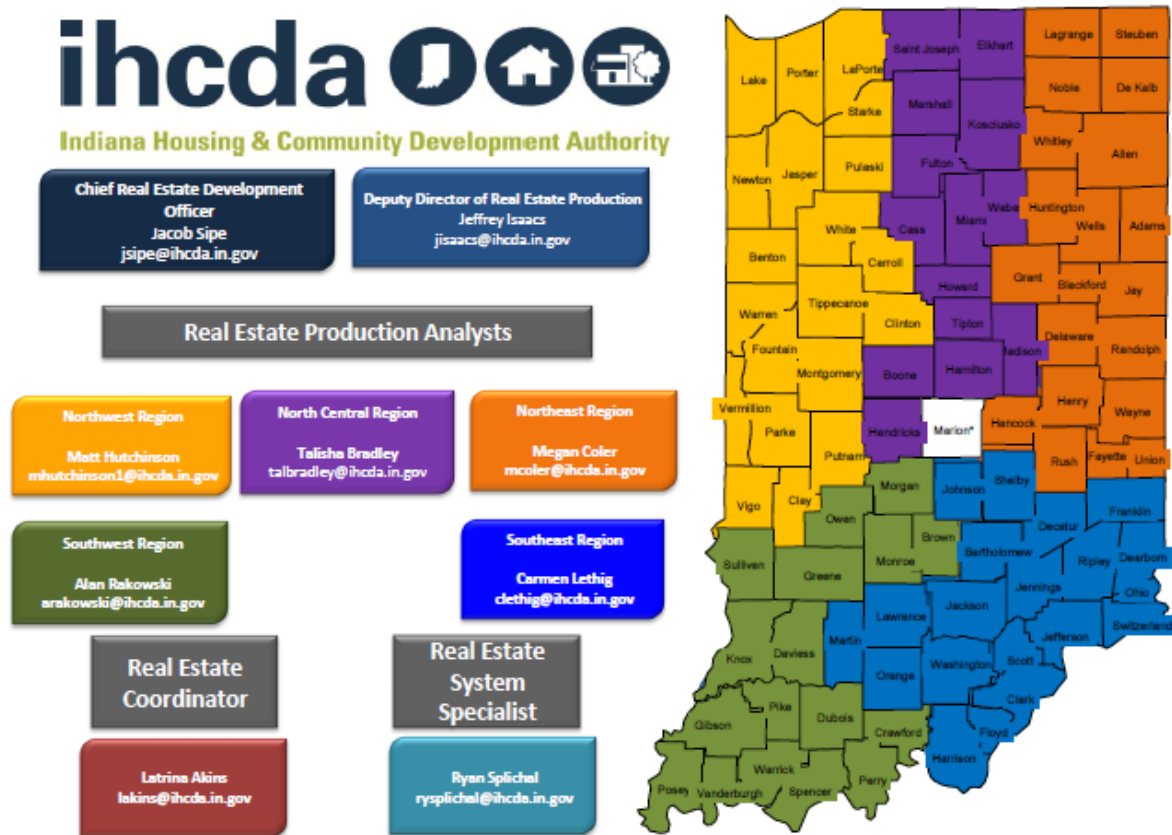
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1. All recipients of CDBG-D funding through this program are required to abide by the rules and regulations outlined in the [Strategic Investment Process Award Implementation Manual](#)
2. CDBG-D funds disbursed through this program will be regulated by the regulatory requirements listed in [24 CFR Part 570](#).
3. Recipients of a CDBG-D award must follow competitive procurement procedures for contracted services intended to be reimbursed by the award.
4. Recipients of a CDBG-D award are subject to the requirements of the Uniform Relocation Act. For guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), view Federal regulations at [49 CFR Part 24](#) and the requirements of [Section 104\(d\) of Title I of the Housing and Community Development Act of 1974, as amended](#).
5. If the proposed scope of work involves any accessibility upgrades/improvements, the housing must meet the accessibility requirements of [24 CFR Part 8](#), which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at [24](#)

[CFR 100.201](#). It must also meet the design and construction requirements at [24 CFR 100.205](#), which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). .

6. Recipients of a CDBG-D award are subject to the HUD requirements of dealing with lead-based paint hazards required by [24 CFR Part 35](#). If a risk assessment is required, then all lead-based paint issues must be addressed. The limit for costs associated with lead hazard testing (Risk Assessment, Clearance Test, etc.) is \$800-\$1,000 per unit.
7. Recipients of CDBG-D awards are required to perform an environmental and historic review on all assisted properties. Applicants may not enter into any contracts or begin work on any property to be assisted with CDBG-D funds until the environmental and historic review process has been completed.
8. For the regulatory requirements of environmental and historic review found in [24 CFR Part 58](#), see the Environmental Review and Historic Review User Guides or contact the IHCA Environmental Officer at (800) 872-0371 for further guidance.
9. All recipients of CDBG-D funds are required to conduct a public hearing prior to final application submission and one at program completion, for the purpose of obtaining citizens' input and responding to proposals and questions about the project. A legal notice must be published to announce the meeting with minutes from the hearing retained for review at monitoring. It is acceptable to conduct the hearing during any regularly held public meeting, such as a town council meeting, provided all other requirements are met. Additional instructions that include boilerplate newspaper publication language can be found in **Appendix B**.
10. Duplication of Benefits - Community Development Block Grant Disaster Recovery Program
  - a. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which he has received financial assistance under any other program or from insurance or any other source.
  - b. A Duplication of Benefits situation would occur if a household received funds from FEMA, Insurance, SBA, or another source to fix damage caused by the disaster; and then also applied for and received funding under the CDBG-D program for the same purpose, to make repairs or replace the damaged home.
  - c. Applicants are required to verify the amount received from other sources, and also how those funds were used to ensure duplication of benefits will not occur.
  - d. The amount of assistance provided to the applicant must be reduced by the amount of assistance received from other sources (FEMA, SBA, Insurance, etc.) for the same need, repair, or loss.
  - e. Each recipient must ensure that each beneficiary assisted under this program executes **Appendix C**. This Appendix must be maintained in the recipient's client files.

## Appendix A – Real Estate Production Regional Map/Staff Listing



\*NOTE: Marion County is handled by all Production Staff

***CITIZENS' PARTICIPATION REQUIREMENTS - FOR CDBG and CDBG-D APPLICANTS ONLY***

1. Provide a minimum of two (2) public hearings, each at a different stage of the process, for the purpose of obtaining citizens' input and responding to proposals and questions.
  - a. Together, the hearings must cover community development and housing needs, development of proposed activities, and a review of program performance.
  - b. The public hearing must be held before submission of an application to IHCD and must provide citizens an opportunity to comment on the activities proposed in the application. The legal notice and hearing must address the current CDBG-D request. For example, if an applicant applies during a funding round but receives no funding, they must republish and hold a new hearing for any subsequent application submittal.
  - c. The hearings must be held at times and locations convenient to potential or actual beneficiaries, with accommodations for persons with disabilities.
  - d. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.
  - e. The second public hearing reviewing of program performance must be completed prior to closing out a CDBG-D award.

- For example:      Date of Notice Publication:      1/1/00    (Begin counting on 1/2/00)  
                                  Date of Public Hearing:      1/11/00    (or later)

- Encourage citizen participation by listing the date, time, and location of the public hearing.
- Describe the purpose of the meeting and the proposed housing activity.
- Indicate who the applicant is, where the applicant is applying for funding and the source of the funding (i.e., Community Development Block Grants).
- Provide contact information for additional questions or concerns.

A sample legal notice is provided below. Applicants are required to use this language.

The (applicant) will hold a public hearing on (date), at (time), in (place) to provide citizens an opportunity to express their views on community development and housing needs, past community development and housing activities, and the proposed (development description) development. In the previous year(s), (list past years), the (applicant) has received Community Development Block Grant funds for the following activities:

Records regarding the accounting of these beneficiaries and funds are available from (person - address). Interested citizens are invited to provide comments regarding these issues either at the public hearing or by prior written

statement. A plan to minimize displacement and provide assistance to those displaced has been prepared and is available to the public. The application will be available for review and comment on (date)

Information concerning the proposed development may be obtained from (person - telephone) from (time) to (time) on (days).

The Citizens' Participation Report must be completed and submitted with the application. In addition, a publisher's affidavit with **an original copy of the legal notice, minutes of the hearing, list of attendees, copies of any comments or complaints received, and copies of responses to any comments or complaints must be provided with the application.** The original publisher's affidavit may be submitted after the application due date, but must be received by the IHCDA no later than fourteen (14) days after the application due date.

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## Appendix C – Duplication of Benefits Certification

### Duplication of Benefits Affidavit (“Affidavit”)

I/We, \_\_\_\_\_ affirm the following:

1. I/We own real property at \_\_\_\_\_  
(City/Town), Indiana (the “Residence”).
2. I/We is/are executing this Affidavit in connection with the rehabilitation of the Residence by \_\_\_\_\_ (Organization) through a homeowner rehabilitation project funded under the Indiana Housing and Community Development Authority’s (“IHCDA’s”) Weatherization/Owner-Occupied Rehabilitation Program (the “Program”).
3. I/We have received or will receive the following amounts and types of assistance for rehabilitation of the Residence, structural repair of the Residence or replacement housing:  
  
Insurance (Flood Insurance, Homeowner’s, etc.) \$ \_\_\_\_\_  
  
Federal Emergency Management Agency (FEMA) \$ \_\_\_\_\_  
  
Small Business Administration (SBA) Loan \$ \_\_\_\_\_  
  
The American Red Cross (Red Cross) \$ \_\_\_\_\_  
  
Other agencies (besides IHCDA) \$ \_\_\_\_\_
4. I/We have received no other assistance funds in the form of for rehabilitation of the Residence, structural repair of the Residence or replacement housing other than that set forth above in paragraph 3.
5. 42 U.S.C. 5155(a) prohibits federal agencies from providing assistance to any person for “any part of such loss” as to which he has received financial assistance under any other program or from insurance or any other source ( such as, FEMA, SBA, Insurance, etc.).
6. I/We understand that the amount of assistance received by I/We from IHCDA must be reduced by the amount of assistance received or will be received for rehabilitation of the Residence, structural repair of the Residence or replacement housing, from other sources (such as, FEMA, SBA, the Red Cross, homeowner’s insurance, etc.) for the same purpose.
7. Therefore, I/We understand that if I/We receive assistance from a source other than IHCDA (such as, FEMA, SBA, the Red Cross, homeowner’s insurance, etc.) for the rehabilitation of the Residence, structural repair of the Residence or replacement housing, I/We must repay the assistance received from IHCDA.
8. I/We certify under State and Federal penalties for perjury and fraud that the information provided above is true and accurate and acknowledge that repayment of all assistance received by Me/Us from IHCDA, payment of fines and/or imprisonment may be required in the event that I/We provide false, incomplete or misleading information in this Affidavit or during the rest of this process.

Property Owner \_\_\_\_\_

Signature of Property Owner \_\_\_\_\_ Date \_\_\_\_\_

Property Owner \_\_\_\_\_

Signature of Property Owner \_\_\_\_\_ Date \_\_\_\_\_